

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Mail Processing Network Rationalization  
Service Standard Changes, 2012

Docket No. N2012-1

UNITED STATES POSTAL SERVICE NOTICE OF FILING OF  
APPLICATIONS FOR NON-PUBLIC STATUS  
FOR CERTAIN LIBRARY REFERENCES  
(December 9, 2011)

The United States Postal Service hereby gives notice that the applications for non-public status for the library references listed below inadvertently were not attached to its December 5, 2011 Notice of Filing of Public and Non-Public Library References:

LR-USPS-N2012-1/NP1	Market Research Materials (Non-Public)
LR-USPS-N2012-1/NP2	FY2010 Workload Volume by Operation Type (Non-Public)
LR-USPS-N2012-1/NP3	Scoring Tool (Non-Public)
LR-USPS-N2012-1/NP4	Area Adjusted Results and Equipment Calculator Scoring Tool (Non-Public)
LR-USPS-N2012-1/NP6	Calculating Air Transportation Cost Changes (Non-Public)

The Postal Service hereby files the inadvertently omitted applications for non-public status referenced at page 2 of its December 5 Library Reference notice. The Postal Service regrets any inconvenience caused by the oversight. Five separate notices are attached hereto, one for each library reference.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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December 9, 2011



## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain materials filed under seal with the Commission. The materials covered by this application consist of three files containing foundational (Category 2) materials for the market research testimony in this docket from witness Elmore-Yalch (USPS-T-11) and witness Whiteman (USPS-T-12).

Witness Elmore-Yalch's file calculates the quantitative market research, which calculates changes in volume for customers in six customer segments if the service standards changes proposed by the Postal Service are made effective. The results thus reflect customer specific responses regarding actual mail volume mailed in the past and projections of what would be mailed in a post-implementation environment. Since some respondents were selected with certainty, such information is inherently commercially sensitive to respective respondents. In any event, market research customarily promises respondents confidentiality, measures the Commission has previously approved based on the expectation that results based on confidential reports are inherently more trustworthy.

Witness Whiteman's two files are related, since his analysis of impacts upon volume, revenues and contribution build directly from witness Elmore-Yalch's market research results. Witness Whiteman's files also contain information regarding competitive products, including their unit costs and volumes, information that is confidential to the Postal Service itself.

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<sup>1</sup> PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

All three files thus contain commercially sensitive information such as reported and expected mail volumes, descriptions of certain business activities and why / how business decision are made; and discussion of Postal Service competitive products and those with whom such products also complete. Fundamentally, these materials were collected, whether in the course of market research or business, pursuant to business standard promises of confidentiality.

**(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as nonpublic consist of information collected from market research respondents, and customers of the Postal Service. Customer specific information regarding past mailing history and future mailing plans, which is necessary to calculation of the estimates of volume, revenue, contribution and costs both historically and in the near future should Network Rationalization move forward as planned.

Promises of confidentiality are an industry standard practice for survey research companies such as Opinion Research Corporation (ORC); failure to extend such promises would be considered unprofessional and would accordingly undercut the perceived merit of the research methods and utility of any findings.

Substantially the same rationale protects customer specific information collected at the time of mailing both competitive and market dominant products. The sum of such information, at least for competitive products, becomes confidential business information for the Postal Service itself. Discussion of how specific firms conduct business, and the causative factors that drive business decisions, is the kind of information substantially all businesses would prefer to maintain in confidence.

Protection of the materials included in USPS-LR-N2010-1/NP1 is also informed by the Code of Standards and Ethics of the Council of American Survey Research Organizations (see [www.CASRO.org/codeofstandards.cfm](http://www.CASRO.org/codeofstandards.cfm)). Section I, Responsibilities to Respondents, subsection (A)(3)(a) provides, in pertinent part:

The use of survey results in a legal proceeding does not relieve the Survey Research Organization of its ethical obligation to maintain in confidence all Respondent-identifiable information or lessen the importance of Respondent

anonymity. Consequently, Survey Research firms confronted with a subpoena or other legal process requesting the disclosure of Respondent-identifiable information should take all reasonable steps to oppose such requests, including informing the court or other decision-maker involved of the factors justifying confidentiality and Respondent anonymity and interposing all appropriate defenses to the request for disclosure.

Commission practice has long supported maintenance of confidentiality of survey respondents' specific information, and this occasion brings no justification to any change in that practice. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. §§ 410(c)(2, 4-5) and 412; and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

The Postal Service believes that, in addition of the Postal Service itself, the only third parties that have a proprietary interest in the information included in non-public Library Reference USPS-LR-N2012-1/NP1 are the individuals and firms who served as respondents/participants in the qualitative and quantitative market research conducted by witness Elmore-Yalch on behalf of the Postal Service. Identifying those individuals and firms for the purpose of this Application would violate the CASRO provisions quoted, in part, above. The Postal Service does not have access to the identifying information of respondents and can accordingly give no notice to those parties, whose

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

full details of personally identifying information have been retained by ORC. The Postal Service has previously discussed with witness Elmore-Yalch the procedures by which the Commission protects the confidentiality of information filed with it under seal; indeed, the current context very much parallels related events from PRC Docket No. N2010-1 (Five-Day Delivery), in which Ms. Elmore-Yalch provided quite similar testimony. So in that sense, the Postal Service has already informed ORC, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. Witness Elmore-Yalch herself is the contact with ORC with whom the Postal Service has discussed this Application, which accommodates both title 39 and CASRO standards. In the meantime, Postal Service attorney Ken Hollies (202-268-3083) can serve as the Postal Service employee responsible for provision of notice to ORC.

**(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;**

The materials contain mailing history information of respective postal customers, and confidential competitive product information of the Postal Service itself. In addition, customers have provided estimates of future mailing patterns based on information specific to the market research offered in evidence before the Commission. Any of this information could reasonably be used by persons and firms that may attempt to extract competitive advantage as against the specific market research respondents' own businesses, or against the Postal Service itself.



**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

Commercial harm could flow from the release of participant/respondent information in the form of harm to the business of ORC, given what would appear to be action in violation of its CASRO obligations.

Similarly, volume-related information—both quantitative and qualitative—pertaining to respective customers, or customer segments, could provide insight to Postal Service competitors who seek to attract the business of those same customers. Postal Service competitors could use such information to transport or otherwise position their products in such a way as to compete unfairly against the Postal Service. Competitors able to view the market research materials would gain specific insight into Postal Service customer behavior, both past and future, enabling them both to capture the benefit of market research in which the Postal Service has invested, and to follow up with customer acquisition by targeting postal customers using exquisitely well targeted marketing campaigns.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Hypothetical:** A competitor or its representative obtains a copy of library reference USPS-LR-N2012-1/NP1. It analyzes the data to determine the attributes of customers who make use of Postal Service products under particular circumstances. The competitor then targets members of that customer segment with an advertising program that emphasizes the positive vectors of its own products with enhanced foreknowledge of what is important to the target customer segment, and succeeds in winning that business.

**Identified Harm:** The competitor uses that information to target and acquire Postal Service customers, users of particular products for specific purposes. The Postal Service suffers harm in the competitive marketplace. Public disclosure of opportunities for advertising strategies allows the competitor of a large mailer to disrupt the large mailer's strategies or instead to focus on areas it knows the large mailer is not currently emphasizing. Either way, the net result is that the competitor gains what was previously some of that large mailer's business.

**Hypothetical:** A competitor or its representative obtains a copy of library reference USPS-LR-N2012-1/NP1. This competitor of Opinion Research Corporation (ORC) undertakes comprehensive and extensive market research on behalf of a large federal agency.

**Identified Harm:** The ORC competitor then uses the information to fashion a more competitive bid in a forthcoming request for proposals issued by a large federal agency, to the competitive detriment of ORC.

**Hypothetical:** A competitor or its representative obtains a copy of library reference USPS-LR-N2012-1/NP1. This competitor of specific market research respondents examines that mailer's use of the mails and discerns a way that its own products might be marketed so as to appeal to the respondent's own customers, and does so. The survey respondent's business is harmed by the improper disclosure of protected commercially sensitive information.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the market research materials filed non-publicly should be withheld from persons involved in competitive decision-making. The

research involves all customer segments (consumers, small business, and Preferred, Premier and National accounts) served by the mailing and shipping industries, so access to the materials should not be available to those responsible for, or on behalf of, competitive decision makers as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials., as that would present the potential for one existing postal customer to take volume from another.

**(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. If the Postal Service is informed that CASRO has any longer applicable time periods, it will so advise Commission staff.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for nonpublic treatment of the materials appearing in USPS-LR-N2010-1/NP3, but redacted from USPS-LR-N2010-1/12.

## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF LIBRARY REFERENCES**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain data filed under seal with the Commission.

The materials covered by this application consist of data that reveal fiscal year 2010 volumes of Priority Mail that originate and/or are delivered in the service area of specific Processing & Distribution Centers (or Processing & Distribution Facilities) that are modeled as described in the Direct Testimony of Emily Rosenberg on Behalf of the United States Postal Service (USPS-T-3). Alternatively, the data consist of facility-specific workload and operations data from the relative magnitude of facility-specific Priority Mail volumes may reasonably be deduced.

The data are reflected in library reference N2012-1/NP2 in the following spreadsheets:

In the ModelMODS Tab, Columns

- N (Origin Priority workload from Origin 3-Digit ZIP Code to the World)
- O (Destination Priority workload from Network to Destination 3-Digit ZIP Code)
- X (Square Footage required to process Origin and Destination Priority workload)
- AZ Square Footage for SPBS; it is dependent upon Priority workload
- BC Square Footage Required for Parcel and Bundles because it is dependent upon Priority workload.

Cells F24, G24, F25, G25 Total MODS workload for Originating and Destinating Priority

In the FY2010 Workload tab,

- Column G for Priority volume only--Total MODS Priority workload by plant
- Column H--average daily MODS workload for Priority by Plant
- Column J--same as column G

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<sup>1</sup> PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

In the PRI tab,  
Columns F through Q - ODIS Priority Volume and MODS Priority Workload.

In the ODIS tab, Columns  
N - Origin Priority Volume by Origin 3-Digit ZIP Code  
O - Destination Priority volume by destination 3-Digit ZIP Code.

These data are redacted from the public version of these spreadsheets that appear in library reference N2012-1/13.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed non-publicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

No useful public version of the response to this question could be produced.

**(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The data designated as nonpublic consist of (a) commercial information revealing the volumes of Priority Mail originating or delivered within the service areas of specific postal mail processing facilities or (b) operational data revealing the resources associated with Priority Mail workload at specific mail processing plants which, under

good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated volume data reflecting the originating or destinating volumes for specific market or service areas, or operational data that would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C.

§ 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;**

The responsive data consist of the volumes of FY 2010 Priority Mail that originate within or are delivered within the service area of specific postal mail processing facilities. Or the data reveal facility-specific postal resources and workload associated with Priority Mail processing at particular mail processing plants.

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the expedited delivery market.

Revelation of the volume of Priority Mail originating or delivered within a particular market, as defined by the service area of a specific P&DC or P&DF, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the expedited delivery market in specific service areas,
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with Priority Mail.

In the absence of facility-specific volume data, postal competitors with access to data reflecting facility-specific resources associated with Priority Mail operations could still obtain valuable insight regarding the likely relative magnitude of Priority Mail volume in different markets, as defined by the service areas of specific mail processing plants, to the economic detriment of the Postal Service.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of the Priority Mail volume or operational data in library reference N2010-1/NP2 would be used by competitors of the Postal Service to the detriment of the Postal Service.

**Hypothetical:** A competitor's representative obtains access to the data in Library Reference USPS-LR-N2010-1/NP2. It analyzes the data to assess the nature and scale of that portion of the Postal Service's expedited delivery business consisting of Priority Mail originating in a particular market in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access to data regarding its competitors expedited package volumes.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal



Service for competitive products should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in library reference N2012-1/NP2.

## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF LIBRARY REFERENCES**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain data filed under seal with the Commission.

The materials covered by this application consist of data that reveal fiscal year 2010 Priority Mail workload for specific Processing & Distribution Centers (or Processing & Distribution Facilities) that are modeled as described in the Direct Testimony of Emily Rosenberg on Behalf of the United States Postal Service (USPS-T-3).

The data are reflected in library reference N2012-1/NP3 in the following spreadsheets:

Assumptions tab, Cell I-42 total Priority Workload

Baseline Costs Tab, column AD - MODS Priority Workload by Plant

These data are redacted from the public version of these spreadsheets that appear in library reference N2012-1/14.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment

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<sup>1</sup> PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed non-publicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

No useful public version of the response to this question could be produced.

**(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The data designated as nonpublic consist of operational data revealing the resources associated with Priority Mail workload at specific mail processing plants which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated workload data that would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;**

The responsive data consist of FY 2010 workload data for Priority Mail that originate within or are delivered within the service areas of specific postal mail processing facilities. The data reveal facility-specific postal resources and workload associated with Priority Mail processing at particular mail processing plants.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the expedited delivery market. Revelation of the volume of Priority Mail originating or delivered within a particular market, as defined by the service area of a specific P&DC or P&DF, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the expedited delivery market in specific service areas,
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with Priority Mail.

In the absence of facility-specific volume data, postal competitors with access to data reflecting facility-specific resources associated with Priority Mail operations at specific plants could still obtain valuable insight regarding the likely relative magnitude of Priority Mail volume in different markets, as defined by the service areas of specific mail processing plants, to the economic detriment of the Postal Service.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of the Priority Mail operational data in library reference N2010-1/NP3 would be used by competitors of the Postal Service to the detriment of the Postal Service.

**Hypothetical:** A competitor's representative obtains access to the Priority Mail workload data in Library Reference USPS-LR-N2010-1/NP3. It analyzes the data to roughly assess the nature and scale of that portion of the Postal Service's expedited delivery business that consists of Priority Mail originating and/or destinating in a particular market in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access to data regarding its competitors expedited package volumes.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys.

Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in library reference N2012-1/NP3.

## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF LIBRARY REFERENCES**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain data filed under seal with the Commission.

The materials covered by this application consist of data that reveal fiscal year 2010 Priority Mail workload for specific Processing & Distribution Centers (or Processing & Distribution Facilities) that are modeled as described in the Direct Testimony of Emily Rosenberg on Behalf of the United States Postal Service (USPS-T-3).

The data are reflected in library reference N2012-1/NP4 in the following spreadsheets:

In the Summary Tab, Columns:

R (Proposed Origin Priority workload by Proposed Origin Processing Site)  
S (Proposed Destination Priority workload by proposed Destination processing site)

In the ModelMODS Tab, Columns:

AZ (Origin Priority workload from Origin 3-Digit ZIP Code to the World)  
(Destination Priority workload from Network to Destination 3-Digit ZIP Code)  
BJ (Square Footage required to process Origin and Destination Priority workload)  
CO Square Footage Required for Parcel and Bundles because it is dependent upon Priority workload.

Cells AR24, AS24, AR25, AS25 Total MODS workload for Originating and Destinating Priority

These data are redacted from the public version of these spreadsheets that appear in library reference N2012-1/17.

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<sup>1</sup> PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed non-publicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

No useful public version of the response to this question could be produced.

**(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The data designated as nonpublic consist of operational data revealing the resources associated with Priority Mail workload at specific mail processing plants which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated workload data that would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal



Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;**

The responsive data consist of FY 2010 workload data for Priority Mail that originate within or are delivered within the service areas of specific postal mail processing facilities. The data reveal facility-specific postal resources and workload associated with Priority Mail processing at particular mail processing plants.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the expedited delivery market.

Revelation of the volume of Priority Mail originating or delivered within a particular

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

market, as defined by the service area of a specific P&DC or P&DF, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the expedited delivery market in specific service areas,
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with Priority Mail.

In the absence of facility-specific volume data, postal competitors with access to data reflecting facility-specific resources associated with Priority Mail operations at specific plants could still obtain valuable insight regarding the likely relative magnitude of Priority Mail volume in different markets, as defined by the service areas of specific mail processing plants, to the economic detriment of the Postal Service.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of the Priority Mail operational data in library reference N2010-1/NP4 would be used by competitors of the Postal Service to the detriment of the Postal Service.

**Hypothetical:** A competitor's representative obtains access to the Priority Mail workload data in Library Reference USPS-LR-N2010-1/NP4. It analyzes the data to roughly assess the nature and scale of that portion of the Postal Service's expedited delivery business that consists of Priority Mail originating and/or destinating in a particular market in which that competitor operates or seeks to operate. Based upon

these data, the competitor assesses the extent to which it wishes to adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access to data regarding its competitors expedited package volumes.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in library reference N2012-1/NP4.

**APPLICATION OF THE UNITED STATES POSTAL SERVICE  
FOR NONPUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain materials filed under seal with the Commission. The materials covered by this application consist of the information included in the non-public version of the Calculating Air Transportation Cost Changes library reference (USPS-LR-N2012-1/NP6), but redacted in the corresponding public version of that library reference (USPS-LR-N2012-1/21).

These materials consist of detailed volume and cost information regarding purchased air transportation contracts. In essence, the materials in question are of exactly the same import as the similar materials previously and consistently determined by the Presiding Officer to be worthy of non-public treatment in Docket Nos. R2001-1, R2005-1, and R2006-1. See Presiding Officer's Ruling No. R2001-1/5 (Oct. 31, 2001), Presiding Officer's Ruling No. R2005-1/3 (May 4, 2005), and Presiding Officer's Ruling No. R2006-1/5 (June 15, 2006).

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<sup>1</sup> PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

**(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as nonpublic consist of commercial information concerning postal operations and finances that under good business practice would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish detailed information pertaining to the costs, volumes, and related information regarding its transportation contracts or customer mailing patterns. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

**(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;**

The materials relate specifically to pounds of mail transported by various carriers and the cost to the Postal Service of using those carriers to transport such mail.

Examination of the corresponding public library reference should allow a person to understand the nature of the contents of the nonpublic library reference, and evaluate accordingly.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the redacted information were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service. The Postal Service, which currently engages and will continue to engage in contracts for air transportation services, has a strong interest in being able to obtain the best prices possible. Revealing the Postal Service's volume and pricing arrangements with other suppliers of air transportation has the potential for interfering with the procurement process and defeating the Postal Service's interest in obtaining beneficial arrangements.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of the prices and related terms would provide air transportation contractors extraordinary negotiating power.

**Hypothetical:** An air contractor or its representative obtains a copy of the unredacted version of Library Reference USPS-LR-N2012-1/NP6. The contractor has already been in negotiations to provide air transportation services to the Postal Service and has

determined an appropriate price to fit the contractor's cost structure. The contractor sees the rates currently charged by its competitors and realizes that additional margin exists to increase its price while remaining below the prices charged by its competitors. The contractor offers prices higher than those the contractor would have offered if the information had not been disclosed, hindering the Postal Service's ability to negotiate the best price under contracting conditions comparable to those of similar private businesses. The same scenario would apply to an air contractor's ability to position itself in future, rather than ongoing, negotiations with the Postal Service, based on what the air carrier knows, or believes it knows, about what the Postal Service is willing to pay.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the portions of the materials filed nonpublicly should be withheld from persons involved in competitive decision-making in the relevant markets for air transportation and competitive delivery products, including persons acting on behalf of the respective subjects of the non-public information, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.



**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the materials appearing in library reference N2012-1/NP6, but redacted from USPS-LR-N2012-1/21.